

WORKFORCE OBSERVATIONS FOR MILWAUKEE COUNTY/WOW COUNTIES JULY 2002



State of Wisconsin
Department of Workforce Development

The Regional Labor Market in Flux

Bucking a three-month trend of improvement in the labor market, the regional unemployment rate posted a significant decline, adding to speculation that a significant level of uncertainty persists in the regional economy, despite a recent return to economic growth. For the month of June, the reported seasonally adjusted unemployment rate for the region was 5.9%, an increase of 0.8% from May. From a statewide perspective, the metropolitan area's unemployment rate is also 0.8% higher than the statewide rate of 5.1%. This represents the second month that the regional rate is higher than the statewide figure. The regional rate again outpaced the reported rate from a year earlier, which was 0.5% lower, or 5.4%. Further analysis of this year-to-year comparison helps to shed some light on the current downturn. An analysis of May-to-June changes for the past thirteen years reveals increases between 0.3% and 1.0% between the two months, suggesting that much of the current increase in the unemployment rate is the result of normal seasonal fluctuation. The individual components of the labor force give credence to this conclusion. Despite the fact that the number of unemployed increased by nearly 7,800 workers over the past month, this increase was coupled with significant increases in the number of employed workers (12,200) and the number of those active in the labor force (20,000).

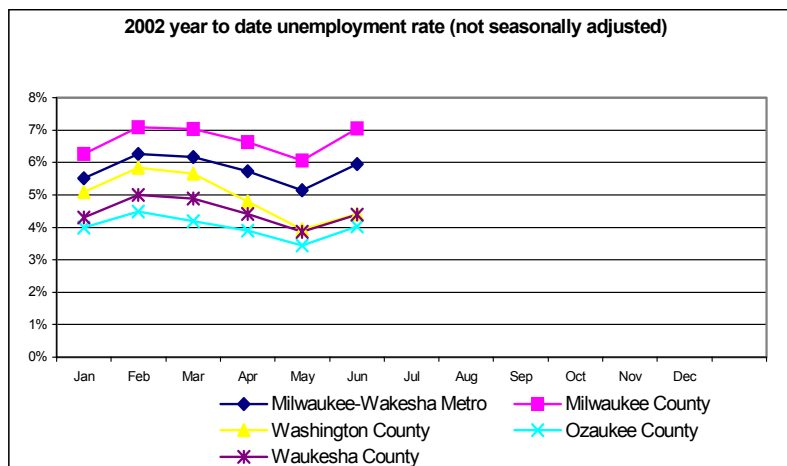
These factors suggest that much of the negative movement in unemployment has been caused by a seasonal influx of workers into the labor force, driven particularly by graduating students at the high school, technical college, and college-level entering the labor force.

When the focus is placed on the counties within the region, similar patterns are seen.

The **Milwaukee County** not seasonally adjusted unemployment rate stood at 7.0% percent in June. This rate is 0.9% higher than that reported a month earlier. As suggested, the increase in the unemployment occurred despite significant employment gains within the county (7,100 workers). The county rate is 0.5% higher when taken in comparison to the rate observed a year earlier, again mirroring the increase experienced by the region as a whole and restating the influence that the county has on the region within the regional economy. As suggested in last month's update, the rate increase observed over the past month follows an annual pattern of fluctuation within the labor market.

Further analysis of these fluctuations point to another month of employment losses in July, followed by improvement through the end of the year.

An analysis of employment gains and losses in the region show many encouraging signs. Perhaps the most significant conclusion that can be drawn from the past month is that the region's industries have continued to follow a growth trend despite an increasing unemployment rate. All industry sectors reported positive employment growth over the past month, an observation that has not been seen during the course of the latest economic slowdown. These significant industry gains were led by increases in service (1,700), manufacturing (1,400), retail (974), construction (705), and finance, insurance and real estate employment (700). While the gains reported in service and retail sector employment continue a fairly consistent growth trend, the significant gain in manufacturing employment is particularly important, given that the sector has been particularly hard hit by the recent recession. Whether this recent increase is the product of seasonal production demands or if it marks a return to positive employment growth is still a matter of speculation as a definite pronouncement of recovery can only be made after sustained growth occurs.



Reinforcing their strong economic link to the region, yet also exhibiting signs of greater economic stability than the region, as a whole the three WOW counties (Washington, Ozaukee, and Waukesha) reported lesser, be still negative changes in the unemployment rate over the course of the month. The not seasonally adjusted unem-

ployment rates observed in the three counties ranged from 4.4% in Washington and Waukesha Counties to 4.0% in Ozaukee County. These rates are significantly higher than those of a month earlier, with increases ranging in magnitude from 0.5% to 0.6%. All three of counties continue to report higher unemployment rates than 2001. These increases again vary, and range from 0.2% in Washington County to 0.7% in Waukesha County. When taken from a statewide perspective, the three counties continue to be among the county leaders in terms of low unemployment. In the June ranking, Ozaukee

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County ranked 69th, Washington County 55th and Waukesha County 54th of the 72 counties in the state. Dane and Menominee Counties reported the lowest (2.7%) and highest (14.9%) unemployment rates for the month.

Again shifting focus from the labor force to industry employment, the three county area reported growth patterns similar to those experienced in the region, in general. Significant levels of employment growth were experienced in the service industries (478), retail trade (369), and construction (414). However, the most notable increase occurred in manufacturing, which added 667 workers over the past month. Growth was particularly significant in Waukesha County, where 436 workers were added to company payrolls. Again, while there is significant evidence to suggest that manufacturing employment will continue to increase, such as a continued increase in

orders and favorable export conditions created by fluctuations in the international currency market and the announcement of last week that the United States trading deficit had reached a record high, a solid conclusion on the state of manufacturing employment recovery cannot be made until a sustained pattern of growth is demonstrated.

A great deal of economic focus over the course of the past two weeks has been focused on Wall Street as stock market indices have experienced a period of decline not seen since the Great Depression. Much of the decline in the stock market has been attributed to investor uncertainty in light of the recent accounting scandals that have shaken major such as Enron, Tyco, and MCI WorldCom. However, experience has suggested that investor confidence and consumer confidence have a weak correlation, at best, which would suggest that demand for goods and services will remain stable through this uncertain period.

	Wisconsin	Milwaukee-Waukesha MSA	Milwaukee County/WDA	Washington County	Ozaukee County
June 2002					
Civilian Labor Force*	3,111,242	842,714	499,147	70,515	50,448
Persons Employed	2,952,469	792,639	464,003	67,410	48,420
Persons Unemployed	158,773	50,075	35,144	3,105	2,028
Unemployment Rate	5.1%	5.9%	7.0%	4.4%	4.0%
Total jobs of all non-farm industries**	2,868,042	864,979	556,981	47,048	39,137
Goods Producing Jobs	706,224	193,459	97,710	17,372	13,116
Service Producing Jobs	2,161,818	671,520	459,271	29,676	26,021
Construction & Mining	135,892	34,202	14,097	2,658	1,566
All Manufacturing	570,332	159,257	83,612	14,714	11,551
Transportation, Communications & Public Utilities	132,547	39,788	29,105	1,801	844
Wholesale Trade	139,326	47,507	24,448	2,346	1,561
Retail Trade	511,079	137,907	85,618	8,583	7,266
Finance, Insurance, and Real Estate	153,699	58,869	42,749	2,002	1,973
Services	802,143	290,862	209,391	9,256	10,276
All Government	423,024	96,587	67,960	5,687	4,101
Change from May 2002					
Civilian Labor Force*	70,790	19,990	12,850	1,430	1,070
Persons Employed	49,750	12,200	7,140	1,040	750
Persons Unemployed	21,050	7,790	5,700	390	330
Unemployment Rate	0.6%	0.8%	1.0%	0.5%	0.6%
Total jobs of all non-farm industries**	23,420	6,490	3,990	380	310
Goods Producing Jobs	12,270	2,110	1,030	180	130
Service Producing Jobs	11,150	4,380	2,960	190	170
Construction & Mining	6,040	710	290	50	30
All Manufacturing	6,230	1,410	740	130	100
Transportation, Communications & Public Utilities	-130	10	0	0	0
Wholesale Trade	1,110	440	230	20	10
Retail Trade	5,330	970	600	60	50
Finance, Insurance, and Real Estate	1,570	700	510	20	20
Services	7,780	1,710	1,230	50	60
All Government	-4,510	560	390	30	20
Change from June 2001					
Civilian Labor Force*	58,510	18,000	10,470	1,270	1,060
Persons Employed	46,420	12,780	7,480	1,090	780
Persons Unemployed	12,090	5,220	2,990	180	280
Unemployment Rate	0.3%	0.5%	0.5%	0.2%	0.5%
Total jobs of all non-farm industries**	2,440	-2,500	-380	-330	-230
Goods Producing Jobs	-22,030	-5,680	-2,800	-500	-370
Service Producing Jobs	24,470	3,180	2,420	170	140
Construction & Mining	-640	-1,630	-670	-130	-70
All Manufacturing	-21,400	-4,050	-2,120	-370	-290
Transportation, Communications & Public Utilities	-2,660	160	120	10	0
Wholesale Trade	130	-1,090	-560	-50	-40
Retail Trade	3,480	600	370	40	30
Finance, Insurance, and Real Estate	2,420	40	30	0	0

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